



## *Report to the Auburn City Council*

Action Item

12

Agenda Item No.

City Manager's Approval

**To:** Honorable Mayor and City Council Members  
**From:** Robert Richardson, City Manager  
Andy Heath, Administrative Services Director  
**Date:** July 8, 2013  
**Subject:** Operating, Debt Service and Capital Project Budgets for  
Fiscal Year 2013-14 – Final Adoption

### *The Issue*

Shall the City Council authorize the revenue estimates and expenditure appropriations recommended by the City Manager for the operations of all City Funds for fiscal year 2013-14?

### *Action Requested*

Review and consider recommended appropriations for the City's General, Enterprise, Special Revenue, Capital Projects and Debt Service Funds for fiscal year 2013-14.

- 1) By RESOLUTION, adopt revenue estimates and expenditure appropriations for all City Funds for fiscal year 2013-14 as summarized in the fund schedules presented with the Fiscal Year 2013-14 Proposed Budget.
- 2) By RESOLUTION, establish a General Fund "cash reserve" in the amount of \$3,173,792 as summarized in the General Fund schedule presented with the Fiscal Year 2013-14 Proposed Budget.

### *Background*

As provided by Section 31.026(H) of Title 3 of the Auburn Municipal Code, the City Manager has compiled budget recommendations for City programs and projects for fiscal year 2013-14. As a means to develop the proposed budget, both the City Manager and the Administrative Services Director worked with department heads and management staff to review funding requests consistent with goals and objectives outlined by the City Council and maintaining efficient and effective service delivery to the community. Funding priorities were determined based on Council directives and goals, revenue generation, cost efficiency, cost recovery, project delivery and improved public service and efficiency.

An initial citywide budget presentation was provided to an open session of the City Council on May 20, 2013. Since the initial budget presentation, the proposed budget has been available in City Hall and on the City's website as a means to provide the public with an opportunity to review the budget and ask any questions.

### **Analysis**

Over the course of the last seven weeks since the initial presentation, staff has been made aware of the following changes that will have an impact on the proposed budget as noted below:

#### **CalPERS Health Insurance Costs**

CalPERS recently released the health insurance costs for all medical plans effective January 1, 2014. The proposed budget assumed an 8% increase in health insurance costs, however, it appears that the actual average increase may likely be slightly less than the estimated 8%. Because CalPERS has expanded the array of plans offered from seven to ten different plans, staff will be required to perform additional analysis to determine the fiscal impact to citywide funds.

#### **Tentative Labor Agreements**

The City recently completed labor negotiations with four different bargaining groups (Police Sergeants, Firefighters, Mid-Management, Confidential/Unrepresented), and has posted the fiscal impacts of proposed agreements on the City's website. The following changes have been incorporated into the proposed budget:

General Fund Personal Services (FY 1314) -	\$ 104,452
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#### **Sewer Enterprise Fund**

Sewer Fund Sewer Service Charges revenue has been updated to include actual amounts anticipated to be received as a result of implementing the recently approved rate increase. Additionally, \$45,000 has been added to the Sewer Fund's capital expenditures for necessary Aeration Improvements expected to occur during FY 2013-14.

Sewer Fund Sewer Service Revenues (FY1314) -	\$ 15,372
Sewer Fund Aeration Improvements (FY1314) -	\$ 45,000

#### **Gas Tax Fund**

Anticipated Gas Tax Fund revenue collections for FY 2012-13 have been revised downward to account for a statewide adjustment to the Section 2103 portion of Gas Tax as a result of reconciliations completed by the State Department of Finance and the State Controller's Office.

Gas Tax Fund Revenues (FY1213) -	(\$ 19,190)
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**Transportation Fund**

Anticipated Transportation Fund expenditures for Street Overlays during FY 2012-13 have been revised upward to include an overlay project approved and completed in June 2013. As a result, anticipated expenditures using carryover street overlay funds during FY 2013-14 have been revised downward.

Transportation Fund Street Overlays (FY 1213) -	\$ 149,254
Transportation Fund Street Overlays (FY 1314) -	(\$150,000)

**Fire Department Equipment Fund**

Anticipated expenditures in the Fire Department Equipment Fund for FY 2012-13 have been reduced by \$10,000 as a means to appropriate these funds during FY 2013-14 towards equipping the recently received new Fire Truck.

Fire Department Equipment Fund Outlay (FY 1213) -	(\$ 10,000)
Fire Department Equipment Fund Outlay (FY 1314) -	\$ 10,000

**Facilities and Equipment Plan Fund**

Anticipated expenditures in the Facilities and Equipment Plan (FEP) Fund for FY 2012-13 have been increased by \$44,620 to account for budgeted payments made for the self-accrual of sales tax paid for the recently purchased fire truck and Public Works dump truck.

FEP Fund Outlay (FY 1213) -	\$ 44,620
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The fiscal impact changes noted above have been incorporated into the estimates for the fiscal year ending June 30, 2013 (FY 2012-13) and the FY 2013-14 proposed budget. Changes resulting from the implementation of new health rates will be incorporated into the budget at mid-year. As of the writing of this memorandum, July 1, 2013, there have been no other questions received nor other noted changes regarding the FY 2013-14 proposed budget.

**Alternatives Available to Council; Implications of Alternatives**

1. Accept the City Manager's Fiscal Year 2013-14 Proposed Budget recommendations, as submitted herein.
2. Modify specific appropriations pursuant to City Council discussion.

**Fiscal Impact**

The Fiscal Year 2013-14 Proposed Budget balances recommended expenditures with anticipated revenues and carryover/reserve monies available for all budgeted fund types.

**NOTE: The Fiscal Year 2013-14 Proposed Budget, due to its size, is available at the following locations for review:**

**City Hall – City of Auburn  
1225 Lincoln Way, Auburn, CA 95603**

**City Clerk's Office (Room 8)  
Administrative Services Department (Room 1)**

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RESOLUTION NO. 13-  
RESOLUTION APPROVING 2013-14 FISCAL YEAR BUDGET

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THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

That the City Council of the City of Auburn does hereby authorize and adopt the 2013-14 Fiscal Year budgets for the City's General, Enterprise, Capital Projects, Debt Service, and Special Revenue Funds and does hereby authorize the funding and expenditures set forth therein. The revenue estimates and expenditure appropriations authorized for said funds are summarized in the Fiscal Year 2013-14 Proposed Budget. Copies of these budget documents are available for review at the Office of the City Clerk and in the Administrative Services Department.

DATED: July 8, 2013

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Kevin Hanley, Mayor

ATTEST:

\_\_\_\_\_  
Stephanie L. Snyder, City Clerk

I, Stephanie L. Snyder, City Clerk of the City of Auburn, hereby certify that the foregoing resolution was duly passed at a regular meeting of the City Council of the City of Auburn held on the 8<sup>th</sup> day of July 2013 by the following vote on roll call:

Ayes:  
Noes:  
Absent:

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Stephanie L. Snyder, City Clerk

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RESOLUTION NO. 13-

RESOLUTION ESTABLISHING A GENERAL FUND CASH RESERVE IN THE  
AMOUNT OF \$3,173,792 AS SUMMARIZED IN THE FISCAL YEAR 2013-14  
PROPOSED BUDGET

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THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

That the City Council of the City of Auburn does hereby establish a  
General Fund cash reserve in the amount of \$3,173,792 as summarized in the  
Fiscal Year 2013-14 Proposed Budget.

DATED: July 8, 2013

\_\_\_\_\_  
Kevin Hanley, Mayor

ATTEST:

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Stephanie L. Snyder, City Clerk

I, Stephanie L. Snyder, City Clerk of the City of Auburn, hereby certify  
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vote on roll call:

Ayes:  
Noes:  
Absent:

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Stephanie L. Snyder, City Clerk